BY THE COMPTROLLER GENERAL

Report To The Chairman, Senate Committee On Labor And Human Resources OF THE UNITED STATES

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Labor Needs To Better Select, Monitor, And Evaluate Its Employment And Training Awardees

SUMMARY

Labor's Office of National Programs annually administers about $600 million in awards for employment, training, and related services to disadvantaged groups in labor markets. GAO found that this Office

--used sole source awards without adequately justifying their use,

--seldom evaluated awardees before renewing their awards,

--rarely evaluated or negotiated [illegible] proposals adequately before fu[illegible] th[illegible] and

--inconsistently [illegible] monitored [illegible] awardee [illegible] insure award terms were [illegible]

GAO recommends that the Office make more competitive awards, and that Labor separate grant and contract functions from the Office.

UNITED STATES GENERAL ACCOUNTING OFFICE

HRD-81-111
AUGUST 28, 1981

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COMPTROLLER GENERAL'S
REPORT TO THE CHAIRMAN
COMMITTEE ON LABOR AND
HUMAN RESOURCES
UNITED STATES SENATE

LABOR NEEDS TO BETTER SELECT, MONITOR, AND EVALUATE ITS EMPLOYMENT AND TRAINING AWARDEES

D I G E S T

The Department of Labor's Office of National Programs administers about $600 million each fiscal year in grant and contract awards under the Comprehensive Employment and Training Act and the Older Americans Act for employment, training, and related services. GAO undertook this review to assess how well the Office carried out its administrative processes. During the review, the Chairman of the Senate Committee on Labor and Human Resources requested that GAO address its report to him.

GAO reviewed a statistical sample of 175 awards from an estimated universe of 479 awards or major funding decisions made in fiscal year 1979. The 1979 awards were chosen because, at the time fieldwork was done, they were in place long enough to evaluate the Office's administration of them. (See pp. 2 and 3.)

MANY AWARDS MADE ON A SOLE SOURCE BASIS; RENEWALS NOT EVALUATED

The Office often used sole source awards for special projects 1/ and, for most awards in the sample universe, did not adequately consider awardees' prior performance when making a renewal award.

Based on GAO's sample universe, the Office made 237 awards (49 percent) on a formula basis 2/ and 102 awards (21 percent) competitively. Of these 102 awards, 82 were made through competitive processes mandated by Labor regulations. The remaining 20 awards were for special projects.

1/Other than formula awards and awards for nationally competed farmworker projects.

2/Formula awards were made by allocating funds to eligible and qualifying awardees based on such factors as the size of the population in the area to be served.

The other 140 awards (29 percent) 1/ were made noncompetitively for special projects, with no attempt to determine whether there were other responsible applicants. (See p. 7.)

Because of the potential for better work agreements and/or lower costs resulting from competition, the Office should justify each instance when it considers only one organization for a special project award. For the 140 sole source awards, GAO found little evidence supporting the decisions. For 66 awards (47 percent), sole source review and justification had been administratively waived, and in another 66 cases, GAO could find no Labor-prepared justification for the sole source awards. For the other eight awards (6 percent), sole source justifications were prepared, but documents in the award files showed that these justifications were merely restatements of statutory authority to do so, rather than explanations of the circumstances justifying sole source awards. (See p. 8.)

Although 82 percent of the Office's awards were renewals to the same organization, the Office rarely assessed the awardees' prior performance in making refunding decisions. GAO found these assessments in only 13 percent of the award renewals. (See p. 10.)

GOOD GRANT AND CONTRACT MANAGEMENT PRACTICES OFTEN NOT USED FOR AWARDS

The Office did not separate grant and contracting management and program responsibilities. (See p. 16.) Consequently, most of the award activities, such as evaluating and negotiating proposals, were handled by program staff who placed little emphasis on following good grant and contracting practices. As a result:

--More than two-thirds of the awards in GAO's sample universe were not fully reviewed and negotiated; hence, many contained vague statements of the proposed work, questionable or unjustified costs, and budget errors. For example, one award overstated budgeted salaries by about $64,000. One of these errors was that the project coordinator's salary was budgeted for more than his annual salary even though he was only scheduled to work 30 weeks of the year. (See pp. 17 and 21.)

1/Does not total 100 percent due to rounding.

--Some awardees were authorized to begin work before the awards were made without the Government's interests being protected by specifying the terms of the work authorizations. (See p. 22.)

--Many awardees were placed on a letter-of-credit payment system without adequate documentation that they met the system's requirements. (See p. 26.)

--The date the award became effective frequently preceded the date it was executed. (See p. 27.)

MONITORING OF AWARDS LIMITED

The Office has not adequately monitored its awardees. Consequently, it did not know whether its awardees met objectives and prudently used Federal funds. GAO found that 34 percent of the files showed no evidence of monitoring, 47 percent showed little monitoring, and only 19 percent showed regular monitoring. (See p. 33.)

Although a primary method of monitoring is reviewing awardees' progress reports, 31 percent of the Office's awardees failed to submit most (70 to 80 percent) of the required progress and fiscal reports for the latest performance period at the time of GAO's review. Twenty-four percent did not submit most of the required reports for prior reporting periods. Only in 17 percent of the cases where most reports were not submitted did GAO find evidence that the Office tried to obtain the missing reports. (See p. 33.)

Office representatives did not visit 58 percent of the awardees. Most of the Labor representatives assigned to the awards told GAO that the Office did not have enough money for site visits or that their workload was too heavy. (See p. 35.)

When Office representatives identified awardee problems, they did not always attempt to resolve them. In addition, GAO found many problems that had not been identified by the representatives. For example, the award files contained a discussion of a fraud incident in which a counselor had submitted false timesheets and issued checks for a terminated enrollee. The Office representative for the award was not familiar with the incident

and did not know whether the funds had been recovered. (See pp. 36 and 37.)

RECOMMENDATIONS TO THE SECRETARY OF LABOR

The Secretary should require the Office to make greater use of competitive awards for its special projects, fully justify any awards made on a noncompetitive basis, and formally assess the performance of awardees before refunding them. (See p. 13.)

To insure that sound grant and contracting practices are followed, the Secretary should separate these functions from the Office. GAO also recommends other actions to improve the preaward process, including that the Secretary request proposals for Indian program activities only after appropriations are known. (See p. 30.)

The Secretary should improve the Office's monitoring of its awardees' activities by placing greater emphasis on site visits; obtaining required reports; and promptly identifying, following up on, and resolving problems with awardee performance. (See p. 38.)

AGENCY COMMENTS

By July 21, 1981, letter, the Department of Labor, with one exception, concurred with all recommendations and stated that actions are being taken to implement them. (See app. IV.)

Labor disagreed with GAO's recommendation to request Indian program proposals only after its appropriations are known. Labor believed that (1) receiving a special one-time partial year appropriation would not be feasible at this time and (2) the issue of "advance appropriations" must be resolved on a Government-wide basis before it can act on GAO's recommendation. GAO agrees that the fiscal year 1982 budget cycle is too far advanced to implement its recommendation for that year, but this special appropriation can be requested in a subsequent year. GAO also believes that the issue of "advance appropriations" does not apply in this instance and that Labor should act on its recommendation. (See p. 31.)

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act of 1973
ETA	Employment and Training Administration
GAO	General Accounting Office
ONP	Office of National Programs